

Message Text

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C O N F I D E N T I A L SAO PAULO 1655

E.O. 11652: GDS
TAGS: PGOV, BR
SUBJ: SAO PAULO GUBERNATORIAL RACE RESULTS HAVE IMPORTANT
IMPLICATIONS FOR REGIME

REF: A: SAO PAULO 1613; B. BRASILIA 4431

1. SUMMARY: THE GOVERNMENT IS FACED WITH A SERIES OF UNPLEASANT CHOICES IN THE SAO PAULO GUBERNATORIAL RACE. IF IT DISQUALIFIES DISSIDENT ARENA NOMINEE PAULO SALIM MALUF, ANY CANDIDATE WHO EMERGES WILL BE AN EXPRESSION OF DEFIANCE TO PRESIDENT GEISEL AND PRESIDENT-DESIGNATE GEN. JOAO BAPTISTA FIGUEIREDO. IF THE GOVERNMENT ACCEPTS MALUF, THE MDB WILL PROBABLY NOMINATE A GUBERNATORIAL CANDIDATE IN ITS CONVENTION ON JUNE 10. MALUF APPEARS TO BE UNACCEPTABLE AS GOVERNOR TO WIDE SECTORS OF THE PAULISTA ELITE. THE MDB CANDIDATE WOULD PROBABLY BE NEGOTIATED WITH GOVERNOR PAULO EGYDIO, SINCE THE MDB NEEDS ARENA VOTES IN THE ELECTORAL COLLEGE. IN TURN, AJOINT MDB-DISSIDENT ARENA CANDIDATE IN SAO PAULO WOULD GO A LONG WAY TOWARD CONSOLIDATING THE NATIONAL FRONT FOR REDEMOCRATIZATION AND WOULD INCREASE THE PROBABILITIES OF THE FRONT, THROUGH THE MDB, RUNNING A PRESIDENTIAL CANDIDATE TO CHALLENGE GEN. FIGUEIREDO. THE
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GOVERNMENT MAY NOT HAVE THE NECESSARY MILITARY SUPPORT TO CARRY OUT THE RADICAL ALTERNATIVE OF BYPASSING THE ELECTORAL PROCESS AND NOMINATING AN INTERVENTOR. GOVERNMENT INFLUENCE IS LOW AND ITS ROOM FOR MANEUVER IS TIGHT IN SAO PAULO AS A SPIRIT OF CIVIL DISOBEDIENCE GROWS WITHIN THE NARROW CONFINES OF THE POLITICAL ELITE. THE LEAST DAMAGING CHOICE FOR THE GOVERNMENT APPEARS TO

BE TO DISQUALIFY MALUF AND ALLOW THE SAO PAULO ARENA TO CHOOSE ITS OWN CANDIDATE. END SUMMARY.

2. THE GOVERNMENT IS FACED WITH UNPLEASANT CHOICES IN THE SAO PAULO GUBERNATORIAL RACE. AS A RESULT OF THE VICTORY IN THE ARENA NOMINATING CONVENTION OF DISSIDENT CANDIDATE PAULO SALIM MALUF, THE GOVERNMENT CAN EITHER ACCEPT OR DISQUALIFY HIS CANDIDACY. (CONTRARY TO REPORT IN REFTEL A, MALUF'S ASSETS ALSO HAVE BEEN FROZEN BY THE GOVERNMENT SINCE MAY 27, 1977. ACCORDING TO THE LAW, THE MINISTER OF JUSTICE MERELY HAS TO RECOMMEND TO THE COURTS THAT MALUF IS UNDER SUSPICION OF ILLICIT GAINS FOR HIM TO BE DISQUALIFIED. HOWEVER, THE DEPUTY IN CHARGE OF THE CONGRESSIONAL INVESTIGATION OF THE LUTFALLA SCANDAL ALSO RECOMMENDED ON JUNE 6 THAT PLANNING MINISTER REIS VELLOSO, WHO WAS INSTRUMENTAL IN OBTAINING THE LUTFALLA LOANS FOR MALUF, ALSO HAVE HIS ASSETS FROZEN.) IF MALUF IS DISQUALIFIED BEFORE JUNE 30, ANOTHER CONVENTION MUST BE CALLED. THE INFLUENCE OF PRESIDENT GEISEL AND PRESIDENT-DESIGNATE GEN. JOAO BAPTISTA FIGUEIREDO WOULD BE AT A MINIMUM. IF HE IS DISQUALIFIED AFTER JUNE 30, THE SAO PAULO ARENA DIRECTORATE WOULD CHOOSE THE NEW NOMINEE. THE DIRECTORATE APPEARS TO BE CONTROLLED BY GOV. PAULO EGYDIO, WHOSE HOSTILITY TO THE WAY THE GUBERNATORIAL SELECTION PROCESS HAS BEEN CONDUCTED BY BRASILIA HAS GIVEN HIM INCREASING POLITICAL INFLUENCE IN THE STATE. CONFIDENTIAL

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ANY ARENA CANDIDATE CHOSEN AT THE STATE LEVEL WILL BE AN EXPRESSION OF DEFIANCE TO THE PRESIDENT AND TO FIGUEIREDO.

3. THE GOVERNMENT COULD ACCEPT MALUF, CARRYING THROUGH WITH ITS STATED POLICY SO FAR OF ACCEPTING ANY CANDIDATE THAT THE ELECTORAL COLLEGE ELECTS. THAT DECISION WOULD HAVE THREE DIRECT RESULTS:

(A) IT WOULD STIMULATE DISSIDENCE IN ARENA. GOV. PAULO EGYDIO ALREADY STATED FORMALLY THAT HE WOULD NOT SUPPORT MALUF. PAULO MALUF WAS USEFUL FOR SAO PAULO POLITICIANS TO DEMONSTRATE TO BRASILIA THAT THEY WOULD NOT ACCEPT AN IMPOSED CANDIDATE, BUT MALUF AS GOVERNOR IS PRACTICALLY INCONCEIVABLE TO THE PAULISTA ELITE. THE SAME MOTIVATIONS OF PRIDE IN BRASIL'S MOST IMPORTANT STATE THAT FIRED THE REBELLION AGAINST THE INDICATION OF LAUDO NATEL NOW WORK AGAINST MALUF.

(B) IT WOULD STIMULATE THE MDB TO RUN A GUBERNATORIAL CANDIDATE. THE MDB HAS VIRTUALLY DECIDED TO NOMINATE A CANDIDATE AT ITS STATE CONVENTION ON JUNE 10 IF MALUF APPEARS TO BE THE ARENA CANDIDATE. ONE OF THE BASIC

POLITICAL REQUIREMENTS OF THAT NOMINATION WOULD BE TO NEGOTIATE IT WITH GOV. PAULO EGYDIO. THE MDB NEEDS ARENA VOTES IN THE ELECTORAL COLLEGE. IT ALSO NEEDS TO KNOW THAT IT CAN COUNT ON PAULO EGYDIO NOT TO SABOTAGE A JOINT CANDIDATE. THE MDB ASSUMPTION IS THAT PAULO EGYDIO WOULD PREFER TO CONTROL THE SITUATION IF HE CAN, BUT WOULD PREFER TO NEGOTIATE A CANDIDATE WITH THE MDB RATHER THAN ACCEPT A VICTORY BY MALUF. O ESTADO DE SAO PAULO, WHICH OFTEN EXPRESSES OPINIONS OF THE PAULISTA ELITE, RECOMMENDED EDITORIALY JUNE 8 THAT THE MDB AND THE GOVERNOR REACH AN AGREEMENT.

(C) THE SELECTION OF A JOINT MDB-DISSIDENT ARENA CANDIDATE IN SAO PAULO WOULD GO A LONG WAY TOWARD CONSOLIDATING THE CONFIDENTIAL

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NATIONAL FRONT FOR REDEMOCRATIZATION. IT WOULD INCREASE GREATLY THE PROBABILITY OF THE FRONT NOMINATING A PRESIDENTIAL CANDIDATE THROUGH THE MDB TO CHALLENGE GEN. GIGUEIREDO.

4. THERE IS A RADICAL ALTERNATIVE OPEN TO THE GOVERNMENT. IT COULD REMOVE MALUF FROM THE RACE AND APPOINT AN INTERVENTOR IN THE STATE, BYPASSING THE ELECTORAL PROCEDURE ALTOGETHER. THE PATENT ILLEGALITY OF SUCH A MEASURE AT THIS POINT IN THE DE FACTO DEMOCRATIC OPENING WOULD CARRY SERIOUS RISKS FOR THE GOVERNMENT. RECENT STATEMENTS BY MILITARY LEADERS IN SAO PAULO INDICATE THAT THEY WILL SUPPORT THE GOVERNMENT AS LONG AS GEISEL STAYS WITHIN THE LAW.

5. COMMENT: THE GOVERNMENT IS EXPECTED TO TRY TO INFLUENCE THE SAO PAULO SITUATION SHORT OF DRASTIC ACTIONS. HOWEVER, ITS INFLUENCE IS LOW AND ITS ROOM FOR MANEUVER IS TIGHT AS THE SPIRIT OF CIVIL DISOBEDIENCE GROWS WITHIN THE NARROW CONFINES OF THE POLITICAL ELITE. THE LEAST DAMAGING CHOICE FOR THE GOVERNMENT APPEARS TO BE TO DISQUALIFY MALUF AND ALLOW ARENA IN SAO PAULO TO CHOOSE ITS OWN CANDIDATE.
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